

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Auditor - Controller	(2) MEETING DATE 4/10/2012	(3) CONTACT/PHONE Kerry Bailey 788-2979	
(4) SUBJECT Submittal of a cash procedures review of the General Services Agency's Lopez Lake Recreational Facility and Santa Margarita Lake Facility conducted on January 9, 2012.			
(5) RECOMMENDED ACTION It is recommended that the Board receive the item and file.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business (Time Est. _____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A		(12) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(13) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(14) W-9 <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	
(15) LOCATION MAP N/A	(16) BUSINESS IMPACT STATEMENT? No	(17) AGENDA ITEM HISTORY <input type="checkbox"/> N/A July 15, 2008	
(18) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>			
(19) SUPERVISOR DISTRICT(S) All Districts -			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Gere W. Sibbach, Auditor - Controller

DATE: 4/10/2012

SUBJECT: Submittal of a cash procedures review of the General Services Agency's Lopez Lake Recreational Facility and Santa Margarita Lake Facility conducted on January 9, 2012.

RECOMMENDATION

It is recommended that the Board receive the item and file.

DISCUSSION

Cash handling can be an area vulnerable to mistakes or misappropriation. The Auditor-Controller has developed policies to minimize the risk associated with use of change funds and petty cash as well as cash receipts. The objective of our review was to determine compliance with the County Auditor-Controller's Cash Handling Policy and to establish accountability for the cash on hand at the time of the count.

OTHER AGENCY INVOLVEMENT/IMPACT

None.

FINANCIAL CONSIDERATIONS

There is no additional cost to the County for conducting unannounced cash reviews. Periodic unannounced cash reviews are a part of the Auditor-Controller's compliance with Government Code 26881 and 26883.

RESULTS

We determined the cash fund and cash receipts on hand, in all material respects, to be in balance at the time of the cash count, and the General Service Agency's Lopez Lake Recreational Facility and Santa Margarita Lake Facility are in general compliance with the Cash Handling Policy. We also identified three areas of improvement which are detailed in the attached departmental memo.

The Auditor-Controller's program of periodic unannounced reviews of cash procedures helps maintain and improve internal controls and procedures for cash handling by County staff and contributes to the County's vision of a well-governed community.

ATTACHMENTS

1. GSA Lakes Cash Review Report

County of San Luis Obispo

Office of the Auditor-Controller

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TO: JANETTE PELL, GENERAL SERVICES AGENCY DIRECTOR

FROM: GERE SIBBACH, AUDITOR-CONTROLLER

VIA: JAMES P. ERB, ASSISTANT AUDITOR-CONTROLLER

DATE: MARCH 14, 2012

SUBJECT: CASH PROCEDURES REVIEW OF THE GENERAL SERVICES AGENCY'S LOPEZ LAKE RECREATIONAL FACILITY AND THE SANTA MARGARITA LAKE FACILITY CONDUCTED ON JANUARY 9, 2012.

Purpose

The purpose of our review was to determine compliance with the County Auditor-Controller's Cash Handling Policy and to establish accountability for the cash on hand at the time of the count. Additionally we checked for employee acknowledgement of the Information Technology Security Program Acceptable Use Policy (AUP).

Scope

Our review included physically counting all cash on hand for January 9, 2012 and reconciling the amount to the department's accountability figures. We also examined cash receipts and compared these amounts to the corresponding receipt totals and to the subsequent deposit. Our review also included an evaluation of internal controls over cash receipts and employee acknowledgement of the AUP. Our evaluation of internal controls was limited to inquiries of departmental staff and direct observations.

Results

We determined all cash funds and cash receipts on hand, in all material respects, to be in balance at the time of our count, and that the department is in general compliance with the Cash Handling Policy. During fieldwork we identified some areas where improvements could be made, and we immediately provided the Department with suggestions for making these improvements. Suggestions for improvement are made for issues that the auditor considers not to be of an immediate serious nature and/or for issues which the department is able to correct at the time of the audit. Unlike formal audit findings, written departmental responses are not required for these issues. Our suggestions are detailed in the Suggested Improvements section below.

Suggested Improvements

1. Credit Card Not Logged-In When Returned

In our review of the credit card check-out log, we determined that between April 2008 and November 2011, employees at the General Services Agency did not log in the travel MasterCard 38%, or 12 out of the 32 times the card was checked out. Additionally, 19%, or 6 out of 32 times, when the card was logged out the travel dates were not entered. Best business practices and strong internal controls dictate that credit card control logs be accurate and complete. Individuals maintaining the log did not ensure the card was logged in when it was returned or that travel dates were recorded resulting in a lack of accountability for the card and subsequent charges. During fieldwork, the importance of individuals logging-in the credit card when returned was discussed with management. Management affirmed the credit card would be logged-in going forward.

2. Cash Handlers Did Not Certify County Cash Handling Policy

We determined not all cash handlers had certified in writing that they had read the Cash Handling Policy. The County Auditor-Controller's Cash Handling Policy (Policy) is required reading for all cash handlers, custodians and managers. However, staff was unaware that written acknowledgment was required. Written acknowledgment by employees that they have read the Policy helps ensure consistent Countywide procedures for cash handling. Subsequent to fieldwork, we received verification that all division staff associated with cash handling operations certified they had read the Policy.

3. Information Technology Acceptable Use Policy

We found four out of six employees sampled had not signed the Information Technology Information Security Program Acceptable Use Policy (AUP) within the year prior to our review. The County's AUP addresses inappropriate use of County computing assets, and by signing the policy annually, employees acknowledge they are bound by the AUP. Inappropriate use of County Computer assets exposes the County to risks and threats to telecommunication, information systems, network, facilities, and legal issues. We recommended the Department ensure that employee records are updated for current acknowledgement of the AUP.

We appreciate the courteous attitude of your staff and the cooperation we received during the course of our review.